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SUBJECT: ITALIAN VIEWS ON PROSPECTS FOR WTO TALKS IN 2004

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[11.](#) (SBU) Summary. Following the European Commission's lead, the GOI generally agrees with USTR Zoellick's initiative, as expressed in his January 11 letter to trade ministers, to ensure that 2004 not be a lost year for trade negotiations. However, Italy was disappointed that the letter made no mention of geographic indications. While Italian trade officials agree that market access is a crucial pillar of the WTO talks, they believe Zoellick's letter underestimated the importance of trade facilitation. The GOI is pessimistic that progress can be made in the services negotiations pending meaningful offers from significantly more members. Foreign Trade Vice Minister Urso views as highly unlikely the prospect for a WTO ministerial this year. End summary.

[12.](#) (U) On February 4 Amedeo Teti, Director General for Commercial Agreements in the Ministry of Productive Activities (Foreign Trade Division), accompanied by the Ministry's WTO office director Sandro Fanella and WTO Services expert Stefano Santacroce, provided GOI prospective on USTR Zoellick's letter on the Doha Development Round (DDR) in a meeting with Ecmin and econoffs. Econoff met separately on Feb. 13 with the Ministry's Technical Secretariat Chief Federico Eichberg (a close advisor to Vice Minister Adolfo Urso).

[13.](#) (SBU) Echoing EC Trade Commissioner Lamy, Teti told us that the GOI was generally happy with the content of Zoellick's letter. However, Teti and his colleagues pointed out several areas of the DDR that they believe received insufficient attention in the letter, including trade facilitation, geographical indications, and the current state of services offers.

[14.](#) (SBU) While recognizing the importance of market access issues to the success of the DDR, Fanella expressed some concern that Zoellick's letter overemphasized such attention to the detriment of other components of the Doha Round. He noted particular disappointment that the letter paid little attention to rules issues, especially the "Singapore Issue" of trade facilitation, which, he noted, remains a key EU concern.

[15.](#) (SBU) Teti and Fanella said there is also concern among some EU member states that Zoellick's emphasis on the complete elimination of export subsidies for agricultural products moves the U.S. away from the common ground reached just before the Cancun ministerial (in the August 2003 U.S.-EU framework on agriculture). The GOI would have preferred a more nuanced approach on export subsidies from the U.S., in order to prevent EU hard-liners on subsidies (Fanella named France and Ireland) from using a seemingly inflexible U.S. position to put up roadblocks. Fanella added that Italy was not particularly concerned about the U.S. position, just its potentially negative effect on the EU's ability to reach a cohesive position for further negotiations on agriculture.

[16.](#) (SBU) Teti noted GOI disappointment that Zoellick made no reference in his letter to geographical indications (GIs), a topic of enduring interest to Italy. Teti suggested that, in the realm of intellectual property, GIs were generally more recognized by many developing countries as warranting protection, compared to areas of special concern to the U.S. such as audiovisual products and computer software. He argued that strengthened GI protection within the WTO context, once implemented in the developing world, could help effect a gradual shift in opinion towards the usefulness of IPR protection in general. Teti suggested that the U.S. and the EU seek points in common that would enable them to merge their focus in these two areas of IPR protection, with the goal of expanding awareness of the need to protect IPR.

[17.](#) (SBU) Teti expanded on the theme of potential U.S.-EU collaboration on GIs by suggesting the negotiation of a bilateral agreement similar to the one the EU reached with Canada in 2003. He admitted, however, that a similar agreement with Australia, a decade ago, no longer seemed very effective, given increasing Australian resistance to the EU's

position on GI protection through the WTO. Nevertheless, Teti suggested such an accord could prove a useful tool should the U.S. and the EU decide on a joint approach to IPR protection in the developing world. Fanella added that any such

negotiation would need to fold in the ongoing, and still unresolved, U.S.-EU wine negotiations. (Neither Teti nor Fanella suggested that this idea was under serious consideration by the European Commission.)

18. (SBU) Eichberg told us the GOI would have preferred that the EC not have expressed so directly its willingness to be flexible on GI protection in the course of WTO negotiations. Nevertheless, he said the GOI was generally satisfied by the EC's continued commitment to pursuing enhanced GI protection in the WTO. Still, the GOI will keep close watch this year on the EC to ensure it maintains this commitment.

19. (SBU) Santacroce noted GOI agreement with Zoellick on the importance of the services sector to the overall goal of expanding market access. However, the GOI is concerned about moving forward now on services negotiations, given that only forty countries have tabled offers. Many of those cannot be considered meaningful proposals (Santacroce specifically pointed out India). He expressed concern that attempting progress on services without significantly more meaningful offers could lead to the less-than-ideal creation of a dual track process.

Comments of Foreign Trade Vice Minister Urso

10. (SBU) In a meeting with the Ambassador on February 12 that focused principally on Italian participation in Iraqi reconstruction (to be reported septel), Vice Minister Urso said the GOI appreciated the positive and ambitious approach outlined in Zoellick's letter. He also welcomed positive developments that had taken place at this week's WTO General Council meeting to reinvigorate negotiations. However, he was not optimistic that a successful WTO ministerial could take place this year given the imminent departure of both Lamy and Zoellick, and suggested that WTO members should aim for a meeting in early 2005 that would be removed from the influence of electoral politics in the U.S. and the EU.

11. (SBU) Comment: Not surprisingly, the GOI's take on Zoellick's letter varies little from the EC's generally positive reaction. GI protection remains an exception to the GOI's general passivity on trade, though Teti's suggested linking of the EU's GI concerns with U.S. concerns on IPR does not appear to be more than an Italian fantasy at this point. Italy instead seems resigned to making sure the EC does not give away the store by agreeing to an excessively "flexible" position on GIs in order to satisfy the other concerns of more vocal EU member states. End comment.
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